2964. SHRI K.B. KRISHNA MURTHY: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has signed a Memorandum of Understanding with the State Government of Karnataka for modernization of the administrative system of the Urban Co-operative banks in Karnataka;

(b) if so, when the MoU was signed;

(c) how many Urban Co-operative banks are functioning in Karnataka;

(d) what is the amount of deposit held by these banks';

(e) which are the banks identified for modernization under the above MoU; and

(f) the amount proposed to be spent in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (f) The informationn is being collected and will be laid on the Table of the House to the extent available.

Fiscal measures for industrial investment in Uttaranchal

2965. SHRI NANDI YELLAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether Government have offered a package of very attractive incentives, fiscal and non-fiscal measures attracting industrial investments in Uttaranchal and Himachal Pradesh for period for 10 years; and

(b) whether the State Government of Andhra Pradesh has pleaded for extension of these incentives to one most backward district in each of the three backward regions of Andhra Pradesh namely Telangana, Rayalaseema and Coastal Andhra, in view of availability of surplus skilled man-power and other infrastructure like Research and Development facilities in several backward district of Andhra Pradesh?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir. Section 80-1C of the Income Tax Act, *inter-alia*, provides for a 100% tax holiday for 5 years and 25% (30% in the case of companies) for the next 5 years for industries set up within the States of Uttaranchal or Himachal Pradesh on or after 7.1.2003

but before 1.4.2012, in certain notified areas or carrying out certain thrust sector activities. These benefits are available to new undertakings as well as existing units undertaking substantial expansion during this period. And these concessions are a consequence of the new industrial policy framed and formulated by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industries *vide* O.M. dated 7th Jan., 2003 as approved by the Union Cabinet.

(b) Yes, Sir. The Chief Minister, Andhra Pradesh requested for the extension of the same incentives to the three most backward districts of Andhra Pradesh. *i.e.* Coastal Andhra, Rayalaseema and Telangana. However, in line with the recommendations of Shome and Kelkar Committee for discontinuance of area-based incentives to the backward States and districts, it has been decided not to extend the area based deductions to these districts, as they do not suffer *inter-alia* from geographical isolation, poor resource base, remoteness from large markets and poor infrastructure.

Operation of foreign banks in rural areas

2966. SHRI RAJU PARMAR :Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that foreign banks are operating only in Metros and other big cities in India;

(b) if so, what are the reasons therefore; and

(c) whether Government are completing to make it mandatory for foreign banks to open branches in small towns and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) Yes, Sir. Because of commercial and strategic considerations, the operations of foreign banks are relatively more concentrated in Metros and other big cities. However, in the "Road Map for presence of foreign banks in India" issued by RBI on 28.02.2005, it is proposed to follow a more liberal policy for allowing foreign banks opening branches in under-banked areas.